THE SECOND DAY.

1st March 1921.

The Assembly met at 11-30 A. M. on Tuesday, the 1st March 1921.

The consideration of the subjects, as per the list distributed to the Members on the previous day, was begun.

I. FINANCE.

1. Some suggestions for the improvement and better administration of the finances of the State.

Mr. A. Thanu Pillai B. A. & B. L. (Member, Trivandrum Taluk) first expressed, on behalf of the Assembly, his sense of gratification at the plan of the opening Address of the Dewan which foreshadowed the future policy of Government in connection with the several administrative measures which were to be adopted. Though the Dewan had taken note of certain defects in the working of the State machinery, there were other defects also which required looking into. Still, he assured Government of the willing and hearty co-operation of all sections of the people. He then proceeded to deal with his subject. In view of the ever increasing demand for expenditure, it was highly necessary to find new sources of revenue. The finances of the State were neither sound nor satisfactory. Taking the budget heads of revenue, land revenue was more or less stationary and any large expansion of that revenue could not be expected. It was highly consoling to know from the opening Address that the Dewan was against adding any fresh impost on land. After giving the figures for 1094 and 1095 for land revenue receipts, the Member observed that 1095 was a record year in the matter of income. One objectionable feature of land revenue receipts was that the income from puduval registry was included under land revenue. It was not a permanent source of income and would be wiped off in the course of a few years. The largest income was from the Excise department, being 20 per cent of the total State revenue. It was, no doubt, satisfactory from a financial point of view, but the increase was mainly from the sale of liquor. During the past three years the quantity of liquor consumed had doubled and an increase was noticed in the number of shops also. The same unwelcome feature was observable in regard to foreign liquor as well. All that showed the increasing moral degradation of the people. A thorough change of policy was the great need of the hour. His view was that Excise should not be made a source of revenue to the State. The administration of the Salt department was also defective in several respects. The industry had ample scope for expansion and could be made more profitable to the State.

Referring to forest revenue, the Member stated that it was the popular view that that department's contribution was not adequate. Though the department had been in existence for several decades, its activities in the direction of adding revenue to the State could not be characterised as successful. The Member gave figures of the receipts, expenditure and net revenue of the department for the past five years to support his view. Sources other than timber were not exploited. The revenue from minor forest produce was sure to show a steady increase, if worked on sound lines. There was a large number of forest industries such as, manufacture of matches, preparation of medicinal drugs, &c., which could be started and developed with profit to the State and advantage to the people.

Taking again, such departments as Stamp, Registration, &c., the Member contended that the income from them did not admit of perpetual increase and that it was not sound in principle to allow the revenue from those sources to increase as, from an economic view point, the people would be the sufferers from such a policy. They

LIBRARY ARCHIVES Kerala Legislative Assembly

all welcomed the Government's idea of imposing income tax in the State, although the income from that source would not be considerable. Another untapped source was the large export trade. The Member advocated the imposition of export duty on rubber, timber, tiles, &c. He said that the recent action of Government in increasing the copying fees in the Judicial department and search fees in the Registration department was a hardship to the people and pointed out that, in answering an interpellation on the subject by a Member of the Legislative Council, the Dewan had observed that the increased rates were necessitated by enhanced cost of labour, materials, &c., but no particulars were given. So far as he could understand, there were no data and the public were not convinced of the reasons assigned by Government.

Dealing with expenditure, the Member stated that the increase of salaries given and proposed to be given was a large item for consideration. His view was that the higher grades of officials did not stand in need of any increase of pay. The lower subordinates deserved better pay. It was not desirable that in this matter they should be guided by what was obtaining elsewhere. The pay of the higher officials in Travancore was adequate. One serious defect he would point out was want of a reasonable basis for the fixing of the salaries of the heads of departments. He then illustrated this point by taking the departments of Industries, Agriculture and Co-operation. As, however, the Government had announced their intention of appointing a Committee of officials and non-officials to deal with that subject, he was not for taking too much time of the Assembly. He also expressed his approval of the proposal of Government to appoint a Ways and Means Committee to examine the problem of Finance. In conclusion, he reiterated his view that the most profitable way of improving the financial position of the State was to tap the unexplored resources of the country by the adoption of such scientific methods as would conduce to a larger yield of revenue and add to the material prosperity of the people, without destroying the proverbial hen that laid the golden egg.

Dewan's reply.—Government are thankful to Mr. Thanu Pillai for the trouble he has taken to consider the question of State finance and offer suggestions to Government in regard to its improvement. I may say that Government and Mr. Thanu Pillai are in agreement in regard to a number of things. We do not, of course, see eye to eye in regard to each and everything. For instance, Mr. Thanu Pillai said that the Forest department was not working satisfactorily, because the department was yielding only a gross revenue of about 15 lakhs of Rupees and a net revenue of 6 or 7 lakhs. May I point out that the income which this department yields is not far short of what the Forest department yields in a bigger State like Mysore, for instance. I think that the Forest department, so far as it goes, has been doing well. I do not mean to say that the work of the department is perfect. It does admit of considerable improvement, and it is the aim of Government as well as of the head of the department to make that department yield more than it does at present.

I think Mr. Thanu Pillai was confounding Excise with revenue from drink alone. Excise does not consist of drink revenue alone. It consists of revenue from drink, salt and customs. Customs play as large a part as drink in the income of the department. I know that in many places the drink problem is a serious problem, and almost every country is busily engaged in solving that problem, which is a complex and difficult one. If people go dry of their own accord, the State would welcome it, of course. But so long as there is drink, Government do not see why it should not be penalised and thus kept down.

Mr. Thanu Pillai has been kind enough to say that Government have already anticipated many of his suggestions. Government do contemplate the appointment of a Committee of Ways and Means and they do recognise the necessity of finding out means for increasing the revenue of the State. They feel that the present revenues are not sufficient for the proper development of governmental activities. This problem is not particular to this Government alone. The same problem faces almost every other civilised country and it is being anxiously looked into everywhere.

he had hea.

LIBRARY ARCHIVES Kerala Legislative Assembly

As regards the equalising of salaries of the heads of departments, these salaries depend so much upon the particular circumstances of each case such as the amount that has to be offered for getting men with particular qualifications, etc., and I do not think there is much to be gained by generalising.

2. **A fair, equitable and efficient administration of the State Finance.**

Mr. K. Govinda Pillai (Member, Ettumanur Taluk) stated that the announcement made by the Dewan in his opening speech regarding the appointment of a Budget Committee composed of officials and non-officials to participate in the framing of the State Budget and the drafting of a Local Boards Bill rendered it unnecessary for him to dilate upon the obligation resting upon the Government to give due weight and consideration to the representations made by the Members of the Assembly in shaping the financial policy of the Government. He expressed his gratification at the steady improvement of the finances of the State during the past ten years, but pointed out quoting figures how the expenditure was growing at a more rapid pace than revenue. For the future, he said, more funds would be required for the departments which contributed to the moral and material well-being of the people (*e. g.*, P. W. D., Education, Medical and Sanitary, Agricultural and Industries), for the improvement of the pay and prospects of the subordinate services and for carrying out the various reforms referred to by the Dewan in his opening speech. The Member then dealt with the large revenue-yielding departments and observed that land revenue did not seem capable of expansion, as the condition of the average cultivator did not permit of any further addition to his burden. The rise in the excise revenue, he stated, should be regarded as synonymous with increased consumption of liquor and he deplored that Government should be affording every facility for this increase in cosumption. For the moral well-being of the subjects and for saving the country from economic ruin, unrestricted sale of liquor should be suppressed with a strong hand. The Member hoped that Government would not regard the excise revenue as a permanently dependable source of income. As regards the revenue from the Judicial department, he observed that the income from the sale of court fee stamps was considerably greater than the expenditure under 'Law' and 'Justice' and that it was unfair to tax the litigant public more than what was absolutely necessary to meet the cost of the administration of justice. The salaries of Judges and Munsiffs of all ranks as well as of the several subordinates of the department might, therefore, be substantially increased. Courts of Conciliation as in Baroda might be instituted to expand the usefulness of the Panchayat Courts. As regards the forest revenue, the Member observed that it was capable of vast development. He urged that full rights should be granted to the people in respect of royal trees standing on private holdings. If not, a reasonable *kuttikanom* rate on the standing trees of a certain specified growth should be fixed and the same be realised in easy instalments as in the case of *thadivila* in puduval lands, full rights being granted to the land-owners in respect of the future growths of the royal trees. That arrangement would bring in a large revenue for three or four years, which could be used for reproductive works. Besides, it would serve as an inducement to the ryots for planting teak and blackwood on registered areas, thereby eventually adding to the wealth of the State.

He approved of the idea of the Government to appoint a Committee of Ways and Means and to introduce income tax in the State. He also expressed great satisfaction at the intention of the Government to extend the Railway system in the State.

The Member then referred to the question of the separation of the Devaswom from the Land Revenue department and observed that it was necessary to do so with a view to avoid the abnormally increasing expenditure which was being incurred, due to rise in the prices of provisions. He urged that it would be advantageous to create, as in Cochin, Committees or Corporations on a statutory basis to which the management of Devaswoms might be entrusted.

He also observed that the establishment of well organised Ayurvedic hospitals in every taluk would be a means of minimising expenditure and that Ayurvedic medicines could be had at cheaper rates than foreign drugs. He stated that the

LIBRARY ARCHIVES Kerala Legislative Assembly